

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Leases - Proddutur Municipality – Request for extension of Lease period in respect of certain shop rooms located at Sivalayam centre and K.K. Street
Certain General Instruction – orders – Issued.

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MUNICIPAL ADMINISTRATION AND URBAN DEVELOPMENT (J1) DEPARTMENT

G.O.Ms.No. 120

Dated:31-03-2011.
Read the following:-

1. Govt.Memo.No.18823/J1/2009-1, M.A. & U.D.(J1)
Department, Dt:17.11.2009
2. From the C&DMA, Hyderabad, Lr.Roc.No.14583/09/N1,
Dt.28.10.2009 and 18.01.2011.

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ORDER :

In the reference 2nd read above, the Commissioner and Director of Municipal Administration, Hyderabad has submitted proposal for enhancement of the lease period of certain shops in Proddutur Municipality for (6) years with an enhancement of 33 1/3% for a period of (3) years.

2. The matter has been examined and the C&DMA and all the Municipal Commissioners in the State are informed that, the Rule 12(1) of Andhra Pradesh Municipalities (Regulation of Receipts & Expenditure Rules 1968 reads as follows;

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"Provided further that in the case of the properties referred to in clause(e), the Municipal Council may renew the lease for a period of three years at a time and with the prior sanction of the Government for a period exceeding three years and not exceeding twenty five years without conducting public auction, if the present lessee agrees to renew the lease in his favour at an amount which will be at 33 1/3% above the earlier rent or the prevailing market value of shops situated in the vicinity, whichever is higher."

3. Further, it is also informed that, in Government Memo 1st read above, the C&DMA and all the Municipal Commissioners in the State were informed that the Hon'ble High Court of A.P. in its Judgment Dt.25.08.2009, while disposing the W.P.No.6354/2009 has observed that "it is a trite principle under a constitutional order that all public properties are public assets administered by State actors or instrumentalities in a fiduciary capacity and enjoined to be administered in conformity with fiduciary principles. All discretion conferred on public authorities is a public trust and consecrated for the purpose of its employment in public interest. Certain executive choices may involve balancing of a plurality of public interest choices that where as in the present case the property of a public authority – the Nalgonda Municipality is intended to be leased out, the sole and exclusive public policy choice is for ensuring the augmentation of the revenues of the Municipality. All other considerations must be excluded". It is also observed that "the Municipality may not propose or recommend nor the Government accord sanction for renewal of a lease of a Municipal property, beyond a period of 25 years without conducting public auction". Hence, the Commissioner and Director of Municipal Administration and all the Commissioners in the State were requested to apprise the above orders of the Hon'ble High Court to their respective Chairpersons/ Councils / Municipal Commissioners and go for public auction of all Municipal properties after completion of lease period of 25 years.

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4. In spite of above rule provisions and instructions, the proposals vide reference 2nd cited are submitted for extension of lease period in respect of shops located at Sivalayam Centre and K.K.Street of Proddutur Municipality duly stating that the lease period of 25 years was already completed by 2004 and lease holders are still in occupation and again requesting to enhance the lease period for a period of (6) years with an enhancement of 33 1/3% for every (3) years.

5. The Commissioner and Director of Municipal Administration, Hyderabad is therefore directed to put the lease of all shops for public auction which have completed 25 years of lease period and furnish compliance report to Government within one month.

6. Further, the Commissioner and Director of Municipal Administration / all the Municipal Commissioners in the State are once again instructed not to propose / furnish proposals for renewal of lease after completion of 25 years and go for public auction, as per the provisions of Act and orders of High Court.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**Dr. VIJAY KUMAR
SECRETARY TO GOVERNMENT**

To

The Commissioner and Director of Municipal Administration,
Hyderabad

All the Municipal Commissioners in the State
(through C&DMA, Hyd.)

Copy to:

The Commissioner, Greater Hyderabad Municipal Corporation,
Hyderabad

The Director of Town and Country Planning, Hyderabad.

The Engineer-in-Chief (Public & Health), Hyderabad.

The M.D., HMWS & SB, Hyderabad.

SF/SC

//FORWARDED BY ORDER //

SECTION OFFICER